MERCHANDISER

Antacids: 'good profit center'

Continued from page 15

He went on to say that the reason for this shift from doctor and pharmacist detailing to print and broadcast promotion was mainly due to the fact that "recommending an antacid to a patient or customer is not of the highest importance to a physician anymore."

As doctors were recommending specific antacids less, the manufacturers were somewhat forced to go directly to the consumer. "We had to go where the big bucks were," the spokesman said. "And that place is directly into the consumer arena."

A Midwest drug chain buyer said that the promotional power the various products possess makes them logical items to advertise. "Since manufacturers went directly after the consumer, promotional deals have been quite abundant. Consumers are smart, and quite price conscious. If they have a sour stomach, they are going to buy a product they've seen advertised, and since so many are being advertised, price becomes a very important factor."

With that consumer market in mind, and with the past success of Tums and Rolaids in the roll pack, there seems to be a trend toward that mode of packaging, with Maalox being the latest to roll pack its product. "It's strictly a consumer convenience," said one buyer. "And that's what this category is all about. In order to make a sale, you've got to have the top products, in most convenient packaging at the best price in town. That's all there is to it."

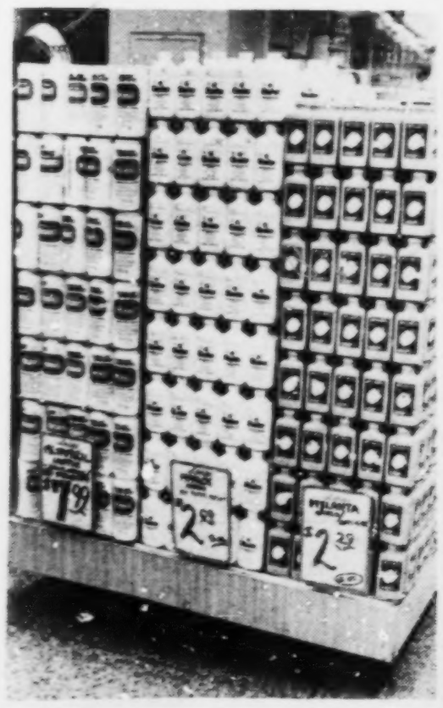
"I wouldn't say we football the prices on antacids," said Begley's Osborne, "but we sure do advertise prices that are very competitive."

In fact, it appears that most chains do use the products in this category as promotable items. Raymond Freeman said his chain "buys as much as possible every time a deal comes up and then we advertise it at prices less than 10% above our cost. We're right down there with our biggest competitors."

"Because of the large turnover on the hot items, we consider them to be highly promotable," said Perry's Lund. "Maalox and Mylanta are constantly being footballed in our markets."

Recently, metro New York City Pathmark pharmacies were selling the 12 oz. Maalox liquid at $1.99, while SupeRx in Cincinnati had a $2.19 price on it; and Cleveland's Gray Drugs was selling it for $2.39.

Mylanta II, the 12 oz. liquid, also was highly promoted: Cleveland's Gray Drugs had a promotion price of $2.49 on it, while Rite Aid in Philadelphia pushed it for $2.99. K&B in New Orleans had it for $3.39, and metro New York City Pathmark stores had it for $3.79.



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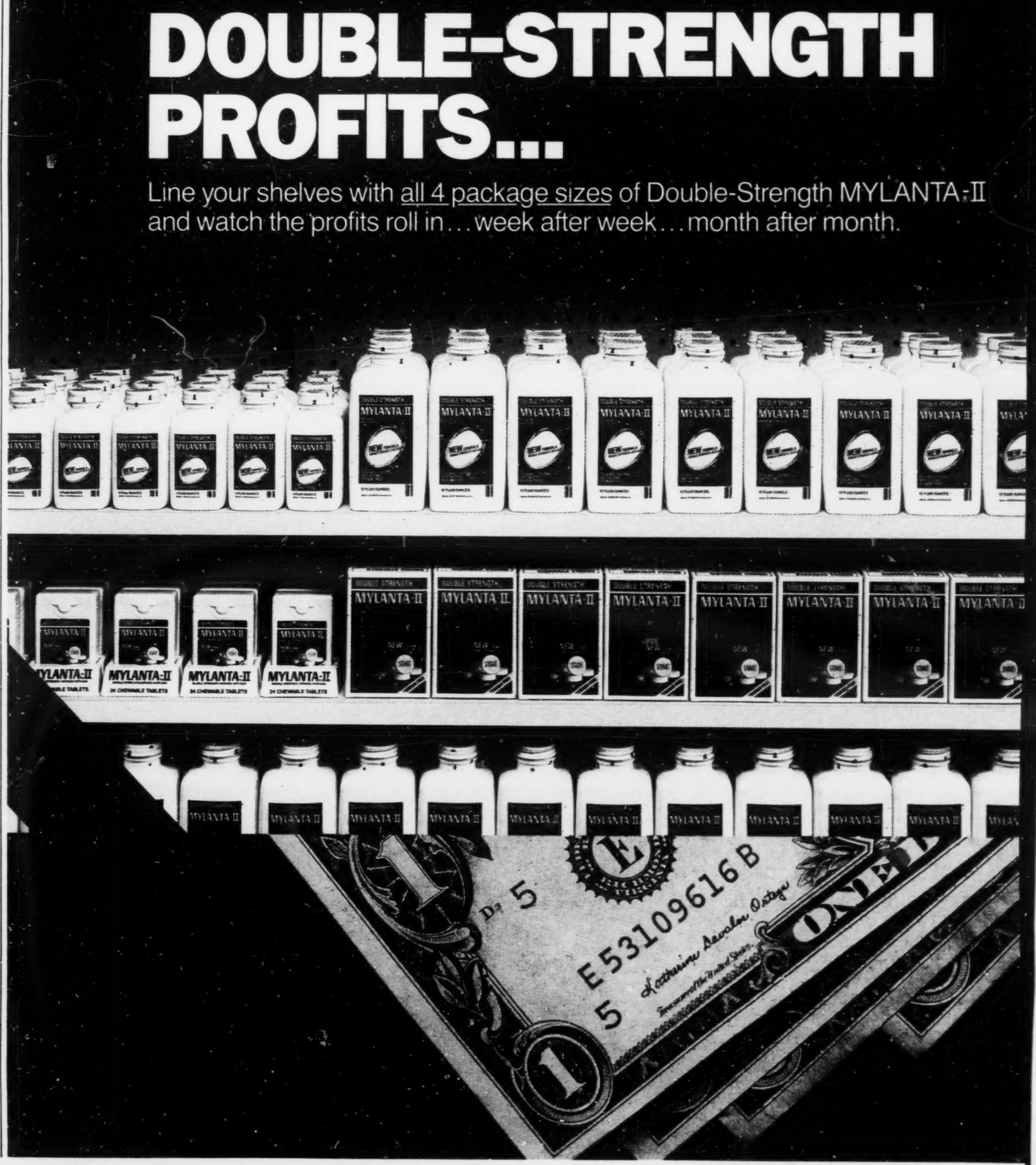

Rxers carving out niche as HMO's expand

Special report
HMO's

Pharmacists nationwide are fighting for a place in the $10 billion HMO industry business that some analysts say could reach as high as $70 billion by 1990.

According to a report by the National Association of Chain Drug Stores, health maintenance organizations have enjoyed a remarkable growth pattern in the last 12 years.

Since 1973, the year federal legislation was introduced officially recognizing the HMO as an alternative form of health care delivery, the number of HMO's increased from 30 to 270. NACDS reports that the growth rate is expected to continue with more than a 250% increase in the number of HMO's over the next seven years.

Many drug chains, alarmed by the rapid growth, have set out to capture their share of the prescription business generated by HMO's by becoming contract providers.

Most commonly known as independent practice association (IPA) HMO's or Preferred Provider Organizations (PPO's), those HMO's that do not have their own pharmacies offer the greatest opportunities for community or chain pharmacists to cash in on this booming market.

According to the American Medical Care and Review Association, a national organization representing these types of HMO's, there are 160 IPA-type HMO's, encompassing 54,000 participating physicians and a combined enrollment of over 2.8 million enrollees.

While industry sources say it is nearly impossible to estimate the number of pharmacies currently enrolled as providers to these HMO's, they do say that the list is growing.

As part of a PPO, a pharmacy agrees to offer a variety of services outlined in a contractual agreement with a particular HMO. Aside from filling prescriptions based on a specific pricing schedule, these may include mandatory patient profiles, home delivery of prescriptions and consultation.

Chain drug stores are in the best position to provide these services because HMO's would typically rather send their patients to a drug chain that has several locations near the HMO's address.

Pharmacists view the IPA-type HMO less threatening than the staff HMO, where prescriptions are filled in-house.

While it is true that not everyone visiting an HMO for medical treatment will have his prescription filled at the HMO pharmacy, community pharmacists fear that preferential pricing by manufacturers will permit HMO's to sell to consumers at a better price, allowing these types of in-house pharmacies to flourish.

According to one West Coast drug chain executive, living with an IPA-type of HMO at least leaves the competitive spirit intact, but with a staff HMO, "Every prescription they get to fill, is one prescription we didn't get to fill and that could hurt."

A survey by Steven Miller at the University of Maryland School of Pharmacy with the help of the Group Health Association of America Inc. revealed that HMO's do have the competitive pricing edge when it comes to filling prescriptions in-house.

According to the study, a significant difference in average drug costs and retail drug prices was found between HMO's using in-house pharmacies and HMO's using outside vendors.

The average drug cost for HMO's with pharmacies was $6.47 compared with $9.10 for IPA-type HMO's, a difference of almost 30%.

Looking at retail prices, the difference between the two HMO's was 19%, $10.97 for in-house pharmacy HMO's and $13.02 for the IPA.

The issue of preferential pricing by the manufacturers of prescription drugs to HMO's came to a head earlier this year when the U.S. Supreme Court refused to hear a case involving the Portland Retail Druggists Association and the Kaiser Foundation Health Plan Inc. This put an end to a 17-year battle by the Portland organization over the issue of preferential pricing to HMO's.

The decision came despite heavy lobbying from at least eight state pharmacy associations and the American Pharmaceutical Association.

In the case, the Portland group charged the Kaiser HMO with an unfair advantage over retail pharmacies in that it is able to purchase drugs as much as 90% below community retailers.

Continued on page 31

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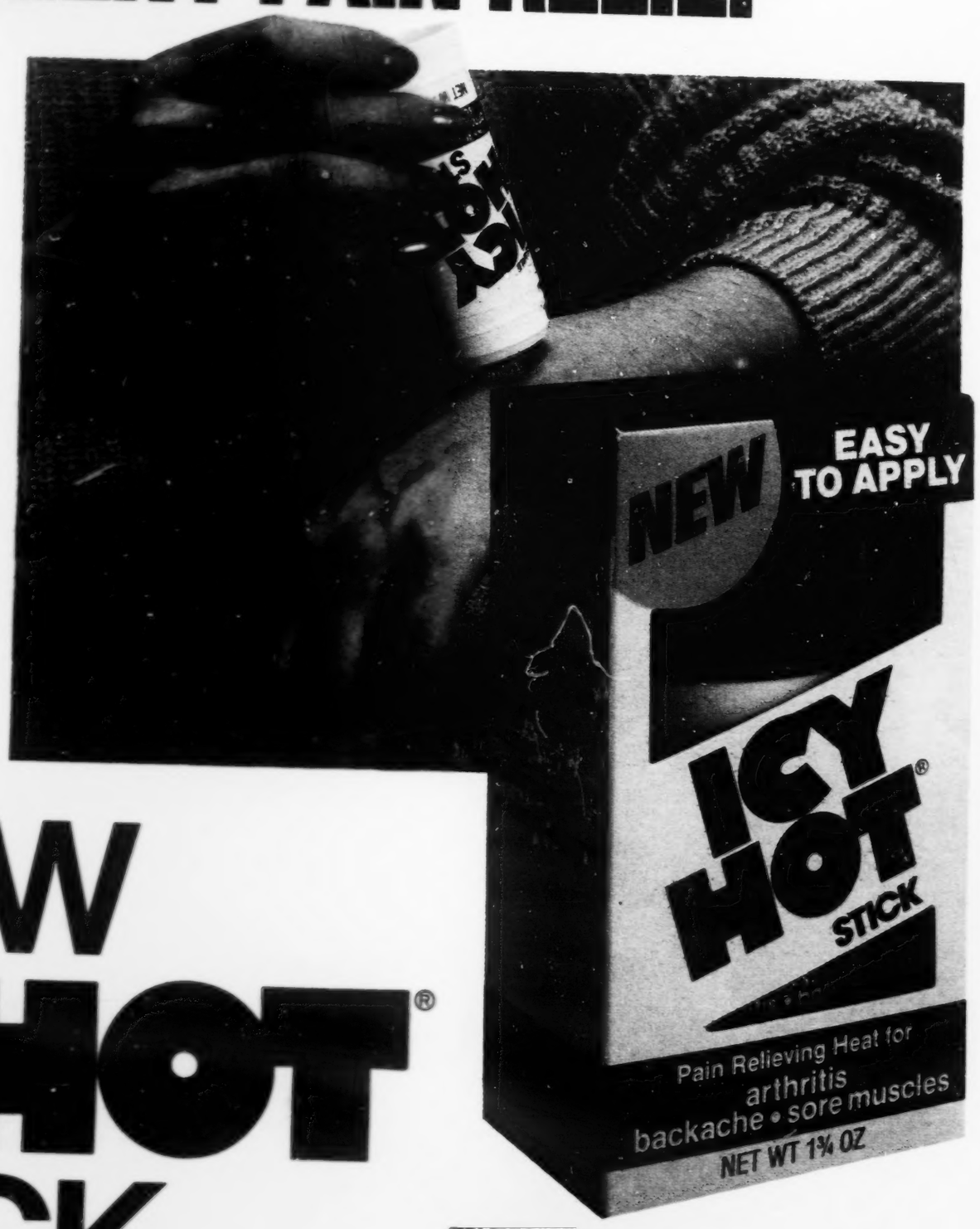

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Rx/OTC news **PHARMACY**

Associations take action; fear threat to retail future

Special report
HMO's

Pharmacy associations nationwide are waging a war on what they perceive is a major threat to the future of retail pharmacy, the HMO.

The Supreme Court's refusal to hear the Portland-Kaiser case has left the state pharmacy associations even more embittered over the HMO's competitive edge in the marketplace.

"A retail pharmacy cannot compete with an HMO which purchases drugs at a tenth of its costs," said Jon Barganier, Alabama Pharmaceutical Association's executive director. "The ruling by the Supreme Court may well spell the end of retail pharmacy, chain or independent, by the end of the century."

In Maryland, pharmacists have begun to take legislative action to lift the dark cloud hanging over the profession.

Maryland pharmacists are lobbying state legislators to pass a bill that would forbid HMO's from excluding any pharmacy, independent or chain, from their benefit program as long as contractual agreements are met. The goal is to eliminate exclusive contracts by HMO's with certain providers.

In Illinois, HMO's are growing faster than the national average and that has many pharmacists in that state concerned.

The Illinois Pharmaceutical Association has begun distributing leaflets to consumers through its member pharmacies. The leaflets warn: "Don't Let them Tell you Where to Go."

The leaflets also emphasize that services and conveniences now enjoyed by most consumers may be eliminated under HMO standards.

According to the Illinois Pharmacists Association executive director, Alan Granat, once consumers realize the problems they may be facing by switching to HMO's, they will continue to have prescriptions filled at local pharmacies.

"Comments from our membership are that many customers consider service and convenience more important than the money saved by being inconvenienced in getting to and from an HMO," said Granat.

To combat the preferential pricing to HMO's, at least two dozen states have initiated buying groups that could save member pharmacies as much as 6% on pharmaceutical purchases.

In Florida, the first state to introduce a buying group, manufacturers and wholesalers are working closely with retailers to insure purchasing drugs at the best price.

Agreements are being made directly with manufacturers through bid purchasing, similar to how HMO's buy drugs. Wholesalers then agree to stock the drug purchases in their warehouse based on rebates or chargebacks from the manufacturer.

Massachusetts' buying group, Independent Pharmaceutical Association, hopes to increase its current membership of 78 to 500 by year-end.

In Kansas, it is reported that an introductory letter explaining the formation of a buying group produced an initial membership of 126 pharmacies representing a combined volume of $31 million.

Distribution of state HMO enrollment as a percentage of population: 1983

Alabama .2%	Kentucky 1%	North Dakota 2%
Alaska —	Louisiana .5%	Ohio 4%
Arizona 10%	Maine .5%	Oklahoma 1%
Arkansas —	Maryland 2%	Oregon 12%
California 21%	Massachusetts 9%	Pennsylvania 3%
Colorado 9%	Michigan 6%	Rhode Island 6%
Connecticut 4%	Minnesota 17%	South Carolina .5%
Delaware .8%	Mississippi —	South Dakota —
D.C. 39%	Missouri 3%	Tennessee 1%
Florida 3%	Montana —	Texas 2%
Georgia 2%	Nebraska .8%	Utah 6%
Hawaii 18%	Nevada 2%	Vermont —
Idaho —	New Hampshire 3%	Virginia .3%
Illinois 5%	New Jersey 3%	Washington 9%
Indiana 2%	New Mexico 3%	West Virginia 2%
Iowa 3%	New York 7%	Wisconsin 11%
Kansas 2%	North Carolina .8%	Wyoming —

Source: NACDS

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To set up capitation plan

Va. executive says HMO 'used' his chain

While chain drug stores are in a particularly good position to capitalize on HMO prescription business, Standard Drug would rather do without the extra business.

When HMO's approached Standard Drug, Richmond, Va., professional director Rich Barnes was thrilled. But his initial elation soon turned to anger when it was apparent what they wanted.

"I worked on a lot of studies to help these HMO's and we ended up getting used in the deal," said Barnes. "I'm rather upset about the whole deal because Standard Drug was the first chain in Virginia to be totally computerized and all the HMO's came to me for data, primarily to set up a capitation system."

Barnes said that Standard did not get the HMO contract because Standard was too small a chain.

"I didn't get the HMO contract because we have only 43 stores," said Barnes. "With these HMO's, you're either locked in or you're locked out and we are locked out."

Special report
HMO's

Barnes draws a jaded picture of HMO prescription business as well.

"All the garbage about service-oriented and convenience is so much hype on the part of the HMO's," said Barnes. "The HMO business is available only to the Peoples, Revcos, Walgreens and Rite Aids who have enough stores in the area to provide service. Small chains and independents get shot down."

Barnes explained that while some independents have banded together to get HMO business, they may not be happy in the end."

"I think they will wind up losing their shirts on the capitation," said Barnes. "You just can't split up a capitation fee among a group of independents and still be ahead of the game. The HMO business isn't the sugar daddy they think."

Barnes' contention is that even the big chains are losing money on HMO contracts because of poor fee structures.

"Many of these HMO's don't even pay the pharmacy their usual and customary charge," said Barnes. "They give you a choice, either fill the prescriptions on their terms or don't fill them at all. It's a no-win situation."

Barnes said that much of the HMO controversy is generated by the organizations themselves.

"There are now 16 HMO's in Virginia and they are all slinging mud at each other," said Barnes.

Like other competitive retail arenas, Barnes believes that there will be a shake-out of HMO's in Virginia leaving only four or five to serve the state's needs.

Carving out HMO niche

Continued from page 29

While pharmacists believe that bid purchasing and preferential pricing gives HMO's an unfair advantage in the marketplace, Miller's study shows differently.

According to his results, 82% of the HMO's studied said the most effective method of cost containment was limiting the amount of medication dispensed. Eighty-one per cent said the use of copays was the second most effective method in keeping costs down. Only 11% of the respondents cited bid purchases as an important factor in cost containment. In fact, bid purchases ranked eighth out of a possible nine methods for keeping costs to a minimum.

Other methods included a maximum allowable cost program (24%), drug bulletins (53%), co-insurance (14%), physician peer review (43%), patient drug use review (57%) and capitation (6%).

Miller's study also found prescriptions were offered by 56% of the HMO's as part of their basic benefit program, while 44% made it optional. In 38% of the HMO's, prescriptions were listed on a formulary, 69% said that there was no prescription formulary in use.

Three-quarters of the respondents said that oral contraceptives were covered, 23% said they were not. When it came to coverage of OTC drugs, the results were just the opposite. Three-quarters said they were not covered, while 25% said that certain OTC drugs were covered.

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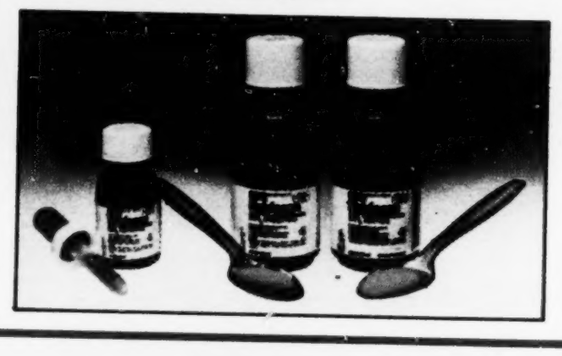

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Special report:
Mail supports 'Disgruntled Pharmacist'—p. 45

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Store detailing of OTC's evaluated—p. 38

Exclusive interview:
Arrested, Rxer recounts diversion entanglement—p. 31

DRUG STORE NEWS®

Vol. 7/No. 19 **Serving chains, wholesalers and high-volume independents for 56 years.** Published by Lebhar-Friedman Inc. September 2, 1985

Signs of change **A chapter of Adams Drug Co. history was closed last month when the firm changed the last of its Adams drug stores to the Brooks logo. See story page 3.**

Kroger acquires four Price Savers

Pay 'n Save sells wholesale club

By Lou Karney

CINCINNATI — With growth potential limited in the mature retail food industry, Kroger Co., the nation's second largest food/drug retailer, has made a foray into the fast-growing membership wholesale club business.

Kroger said it had reached agreement with Pay'n Save to purchase the Seattle-based retailing company's four Price Savers Wholesale Club stores for an undisclosed amount of cash. In announcing the purchase, Kroger said Price Savers would add "breadth to its retailing expertise."

The 100,000-sq.-ft. warehouse stores, which are expected to generate $80 million to $100 million at maturity, will be operated under the present management headed by Tom Grimm, according to Kroger.

Price Savers, which was launched March 1984 in Salt Lake City, now operates warehouse-style stores in Seattle and Fife, Wash., and Anchorage, Alaska, as well as Salt Lake City.

In the first 18 months of operations the division generated approximately $100 million

Continued on page 50

Bindley exec and 11 physicians plead guilty in drug diversion

ATLANTA — Eleven physicians and an ex-vice president of Bindley Western, one of the nation's largest drug wholesalers, pleaded guilty here to trafficking in illegally diverted pharmaceuticals.

According to FBI charges, the Bindley executive, Stephen Lee Asher, and other Bindley execs, including two others so far charged and perhaps others so far not specifically identified, received approximately $1 million in kickbacks "from those companies and individuals who arranged annual diversions of up to $20 million in drugs from hospitals, clinics, nursing homes, third world and other foreign countries, as well as from international nonprofit organizations like the United Nations.

"At presstime, Asher and the 11 physicians were the first of 45 individual defendants to enter pleas in what the FBI calls "the largest drug diversion scheme in U.S. history."

Two other Bindley executives, William Michael Gemmill, a former Bindley vp and Atlanta division manager, and Harry M. Nail, former direc-

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FoxMeyer president

Richard Bard, executive vp and chief financial officer of FoxMeyer Corp., has been named president and chief operating officer. Bard, who along with chairman and ceo William Tauscher, has been a driving force behind the company's meteoric rise to No. 3 among drug wholesalers, has actually shared the duties of president with Tauscher. See story page 2.

Dart to debut upscale down-sized D.C. units

LANDOVER, Md. — Dart Drug has developed a new upscale "yuppie-like" 5,000-sq.-ft. prototype that will serve as a model for all future expansion into high-traffic downtown office locations.

The first of what may become a new generation of Dart drug stores will probably open later this fall in a business district in downtown Washington, D.C.

According to vice chairman Joe Santarlasci, several sites are under negotiation right now and one may be finalized "momentarily."

All of the locations under consideration are in office buildings in high-traffic markets populated with both tourists and thousands of "young urban professionals."

Santarlasci said the merchandise mix will be tailored to meeting the needs of those tourists and yuppies: brand name health & beauty aids at Dart's typical discount prices; 16 ft. of greeting cards; 8 ft. of books and magazines; refrigerated snacks and foods including cold cuts and cheeses; cosmetics, etc.

Continued on page 50

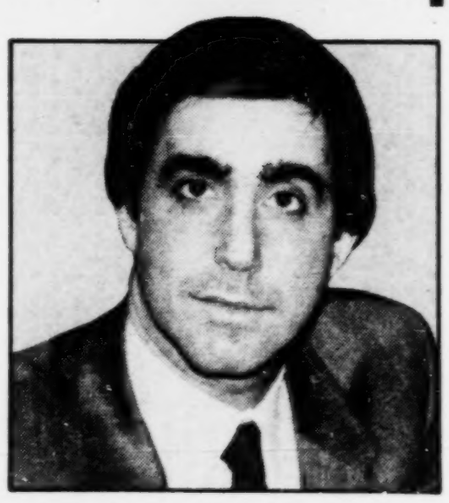
Salmonson new Adams president

By Tim O'Brien

PAWTUCKET, R.I. — James Salmonson, heir apparent to the Adams Drug Company top spot for the past 15 years, has been appointed president and ceo of that 430-store drug chain.

His appointment follows the retirement of three top family members, Charles Salmonson, chairman; Donald, president and ceo, and Jerrold, secretary. All changes were effective Aug. 1.

When Adams was sold to Pantry Pride last November, it was agreed that certain members of the Salmonson family would stay on to help, while others would retire following the initial transition period.



James Salmonson

According to a company official, the retiring Salmonsons stayed on longer than they had originally planned, due in part to Pantry Pride's acquisition in May by MacAndrews & Forbes.

Salmonson, 40, takes over the post while speculation runs rampant as to the future of the chain. Rumors have persisted for many months that the chain is for sale, and several companies have been investigating the possibility of buying it. Sources say that MacAndrews & Forbes has removed the chain from the auction block for the time being, because they could not get their asking price of $125 million.

"Whether all the rumors are true or not," says one Adams employee, "we have to continue to do our job. Jim is very good, and if anybody can make this drug chain profitable and hold it together, it's him."

"The chain is now entering a new era," said one New York

Continued on page 50

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Bard named Foxmeyer president and coo

AURORA, Colo. — FoxMeyer Corp., the nation's third largest drug wholesaler, has named Richard Bard president and chief operating officer.

Bard, who had been FoxMeyer's executive vp and chief financial officer since 1978, had actually been sharing the functions of the office of the president with William Y. Tauscher, chairman, president and ceo, since April of last year.

Tauscher has now given up the president title, but Bard said the two would continue to share day-to-day decision making, with Bard's specialties being operations, asset control and financial management including acquisitions, and Tauscher's being field marketing and computers.

Bard and Tauscher were the two key players in the 1978 acquisition of the Fox-Vliet Drug Co., the Oklahoma City-based wholesaler that was FoxMeyer's forerunner.

Since then, they have built FoxMeyer through a series of highly leveraged acquisitions and skillful transformations of those acquisitions from a losing company with sales of around $100 million to a profitable one that will bring in more than $1.2 billion this year.

FoxMeyer's reputation with the financial community has grown with the years to the point where it is now one of the darlings of Wall Street.

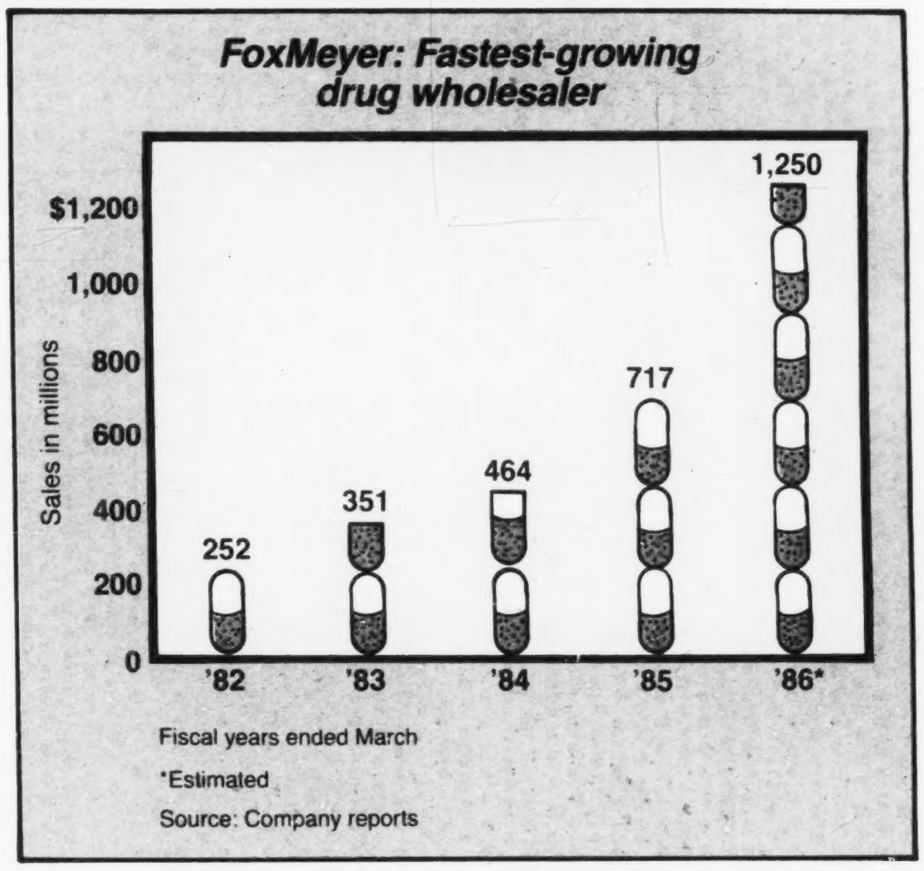
"FoxMeyer is an aggressively run company that has come a long way in a short amount of time," said Joel D. Liffman of Drexel Burnham.

Bard told *Drug Store News* that FoxMeyer would continue to seek good regional wholesale companies whose performance could be improved by the economies and the programs FoxMeyer offers.

Bard pointed to McPike, which FoxMeyer acquired last spring, as an example. He said the Kansas City, Mo.-based wholesaler was a good company whose sales were more than $225 million. Nevertheless, McPike stood to gain from FoxMeyer's Health Mart drug store franchising program, its trucking and computer companies, and from a streamlining of its sales force.

Bard added that the price of many acquisition targets had now risen to a point where it made the economics doubtful. "Clearly," he said, "we're not going to be jumping at those prices."

As a result, he said, FoxMeyer would probably be looking at opportunities outside of the drug industry. He said that when prices in the drug distribution industry are so high, "one has to look at other distribution opportunities because the concepts are not so different."



NEWS IN BRIEF

Bindley stock drops to 9¼ per share

INDIANAPOLIS — Following charges by the FBI that three former Bindley Western executives were allegedly involved in drug diversion schemes, the price per share of Bindley stock plummeted to a low of 9¼ from around 13 on the New York Stock Exchange. The stock had previously reached a high of 15½ this year. At prestime, Steve Asher, a former vice president for Bindley, pleaded guilty to charges of fraud in the acquisition of diverted pharmaceuticals.

Alco sells 40% health service stock

VALLEY FORGE, Pa. — Alco Standard sold 40% of its stock in Alco Health Services to the public, generating $68 million. According to financial analyst Bill Jellin, a security analyst who follows the drug wholesaling industry, Alco will use the proceeds from the sale to acquire other drug wholesaling companies. Alco is a diversified $4 billion company with about $1 billion generated through drug wholesaling. Alco Health Services is the third largest drug wholesaler in the country after McKesson and Bergen Brunswig.

Medicare-Glaser suffers $138,000 loss

ST. LOUIS — Although Medicare-Glaser's first quarter net sales increased to $21.1 million, an 8.9% increase over last year, the company experienced a first quarter loss of $138,000, or 5¢ per share. For the same three months of last year, the company showed a profit of $114,000, or 4¢ per share.

Begley income rises 14.6%

RICHMOND — The Begley Co. reported that net income for the first quarter, ended June 30, was $229,390, an increase of 14.6% over the same period last year. Earnings per share increased to 42¢ from 36¢.

Total sales and operating revenues increased 6.1% to $16 million-$9 million from $15.9 million. A quarterly cash dividend of 18¢ per share was declared.

Begley currently operates 43 retail drug stores in Kentucky, and has 131 Big B, Key and Superior dry cleaning stores in nine states. Additionally, the company operates six home health care centers in Kentucky.

Walgreens sales up 15.1%

Walgreens reports that its July sales rose 15.1% to $224,728,000. For the year to date, management says July sales were up 15% to $1.795 billion.

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Drug Store News (ISSN 0191-7587), is published biweekly—every other Monday, monthly in December plus extra Pharmacist's Reference issue in April, by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscription rate: Retailers and wholesalers, one year $18; two years $35; three years $50. Manufacturers, schools, libraries and all others, one year $36. Single copy rate $2. Canada add $1 per year. Foreign subscriptions: Airmail only $125 per year.

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Vol. 7, No. 19 September 2, 1985

Chains report sales surge

NEW YORK — After a sluggish six months, chain drug executives are reporting that comparable store sales are finally on the upswing.

Executives for chains like Revco, Medicare Glaser, Dart Drug, Adams, Perry, etc., report that consumer confidence seems to be rebounding, and as a result year-to-date same-store sales are up anywhere from 6% to 20% depending on the chain and the market.

Some executives say the primary surge seems to be coming from seasonal and general merchandise categories, but others are also seeing strong trends in H&BA and OTC products as well.

Prescription sales for most of the chains surveyed always were strong.

"Sales are definitely perking up," says Revco's senior vp of marketing Marc Dworkin. "We noticed it in June, but the trend has been even stronger in July."

Dworkin said that Revco, which had been struggling with flat sales for the early part of the year, enjoyed comparable store sales increases of 8.8% for all of June and they were exceeding 10% last July.

Harlan Steinbaum, president of Medicare Glaser, reported a similar trend in the St. Louis metro market.

"July has been better than April or May or June," he said. "July sales have also been stronger than July sales last year. It's a good trend line, and we're hoping it's an indication of even better things to come."

In the Baltimore, D.C. market, Al Towle, chairman of Dart Drug, also reported stronger sales, particularly in seasonals and general merchandise lines. Towle said part of the surge seems to be due to weather-related factors.

"It was colder than expected up here and people seemed to hold off buying seasonals," he said, "but now they seem to be making up for lost time."

Most executives said they hoped the stronger sales were the result of their latest advertising programs, but most also said they weren't sure that they were doing anything that different.

"Primarily, I think it's the economy," said Dwrkin. "I'd like to take credit for it, but I think people just feel a little more comfortable with the government and with inflation."

Steinbaum felt that some of the stronger sales may be due to Medicare's latest TV/radio campaign launched last month, but he also said that at least some of the surge has to be due to "increased consumer confidence in the economy."

Kroger to Hook: Manage SupeRx home health unit

NASHVILLE — Kroger Co., parent of SupeRx Drug and Hook Drug, has effected the first synergistic consolidation of its two drug divisions.

Kroger has transferred the management of SupeRx's only Home Health Care store here to the Hook division which operates 16 home health care stores.

The reorganization immediately gave the store access to the vast buying economies that the Hook Convalescent Aids Centers already had available.

"We'll gain access to several suppliers that we weren't able to deal with before," said Steve Babineaux, the manager of the 4,000-sq.-ft. facility in the Nashville suburb of Madison.

The management transfer was a logical move for The Kroger Company, since SupeRx's home health care staff was at a point on the learning curve that Hook's staff passed about seven years ago.

"It gives us a better chance for success and less waste of our staff's time," said one SupeRx source. "It all adds up to a more efficient operation."

Since the midsummer switch, the manager has already seen his cost of goods reduced. "Our acquisition costs have already been reduced," he claimed. "And I'm sure we'll find more advantages."

The store is expected to keep the SupeRx name because of the strong presence SupeRx already has in the Nashville market. This is Hook's first venture into Tennessee.

The Madison store fits into the Hook's concept of a home health care center quite nicely. It's a bit smaller than Hook's standard 6,000-sq.-ft. store, but the line of durable and nondurable goods is quite similar as are the services offered and overall standard operating procedures. The ratio of sales vs. rentals is also quite similar.

FINANCIAL

Alco Standard hits $1B in sales

VALLEY FORGE, Pa. — Alco Standard Corp., one of the country's largest distributors of drugs and health services, reported that revenues for the third quarter ended June 30 increased 16% to $1.01 billion from $876 million in the comparable period last year.

Third-quarter net earnings from continuing operations increased slightly to $18 million from $17.5 million. Earnings per share from continuing operations were 79¢ vs. 75¢ (primary) and 75¢ vs. 73¢ (fully diluted).

For the first nine months revenues increased 11% to $2.79 billion from $2.50 billion in the same period last year.

Nine-month net income from continuing operations was up 9% to $49.8 million from $45.9 million. Earnings per share from continuing operations increased to $2.24 from $2.02.

The company took a write-down of $1.5 million on discontinued operations in the first quarter and $3.97 million on discontinued operations for the nine months.

Revenues from Alco's health services business increased 22% to $236.6 million in the first quarter and 26% to $697.8 million during the first nine months.

Perry plans stock split

PONTIAC, Mich. — Perry Drug Stores declared a 3-for-2 stock split, the third such split in the past four years. The split increased the number of shares outstanding to 9.8 million from 6.5 million.

"This stock split continues to reflect the exceptional record of our company," said Jack Robinson, chairman and ceo.

The additional share will be distributed Sept. 10 to shareholders of record Aug. 22. Holders of Perry common stock will get one share for each two held.

Medicine Shoppe net income up 17%

ST. LOUIS — Medicine Shoppe International, the leading franchiser of drug stores in this country, reported that its net income for the third quarter ended June 30 increased 17% to $742,345, or 21¢ a share, from $633,566, or 18¢ a share, in the same period last year.

Revenues for the first quarter were also up 17%, to $3.4 million from $2.9 million last year.

For the first nine months, net income increased 36% to $2.1 million, or 61¢ a share, from $1.6 million, or 49¢ a share, in the same year-earlier period.

Sales for the nine months rose 23% to $10.2 million from $8.3 million.

The company also reported that the number of new franchises rose during the first quarter to a record 55, compared to 14 for last year.

Pharmacies in operation increased by 65 for the first nine months, a figure equal to the total number of pharmacies opened in fiscal 1984.

The company said operating earnings for the third quarter increased 41%.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 07/26/85 - 08/12/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin		Indicated Dvd. rate		Last X-Dvd. Date	Last Fiscal Year			Last Fiscal Year (Per Share)	
					Change		52-Week						Last Fiscal Year					Latest P/E Ratio						Current Ratio	Long Term Debt	Common Stock Equity
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days		Amt.	Pct				Amt.	Yield		Revenue	Earnings			
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	62.75	59.75	61.50	-1.00	-1.60	67.50	35.25	-.31	.06	-3.07	-25.06	5.71	1.86 Q	49.7	34.0	1.5	11.0	.64	1.0	06-17-85	12118.8	185.5	1.2	37.93	21.40
Begley Co	BGLY	16.50	16.00	16.00	-.50	-3.03	17.63	15.00	-.12	.00	-1.60	.00	1.26	-.07 F	-5.3	1.0	1.1	12.7	.72	4.5	04-15-85	66.1	.7	1.7	13.77	18.84
Big B	BIGB	16.25	14.50	16.25	1.88	13.04	19.50	10.38	-.28	.93	2.50	-5.74	.68	.14 Q	25.0	11.0	3.0	23.2	.00	.0	09-21-83	148.1	4.4	2.3	1.20	4.58
Drug Sys	DRGS	6.13	5.50	5.50	-.38	-6.38	6.13	3.38	.65	-1.10	.90	4.90	.35	-.21 F	-37.5	NC	1.2	15.7	.60	10.9	05-09-85	104.7	1.3	3.0	1.28	5.84
Eckerd, Jack	ECK	27.13	25.25	25.50	-1.00	-3.77	32.88	20.00	-.44	-.20	-3.97	-5.19	2.27	-.03 N	-1.4	2.0	3.3	11.9	1.04	4.1	06-10-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	9.75	9.13	9.13	-.50	-5.19	13.00	9.00	-.07	.03	1.07	14.11	.62	-.06 Q	-9.5	35.0	2.4	16.0	.20	2.2	06-24-85	366.7	6.7	1.8	1.65	4.28
Genovese Drug	GDX	12.50	12.00	12.00	.00	.00	16.50	9.13	.02	-.28	-6.00	25.45	1.03	-.13 Q	-12.7	37.0	1.9	13.5	.20	1.7	06-13-85	220.3	4.1	1.7	2.06	5.73
Longs Drg Strs	LDG	29.25	26.25	26.38	-2.13	-7.46	31.13	19.63	-.20	-1.27	-.61	25.11	1.88	.18 Q	10.3	9.0	2.9	13.7	.72	2.7	05-29-85	1375.8	40.1	2.1	.00	12.23
Medicare Glaser	MGCO	5.00	4.75	4.88	-.13	-2.50	7.00	3.50	.12	-.44	.04	-7.35	.05	-.38 F	-88.4	13.0	.2	97.5	.00	.0	00-00-00	81.7	.2	2.2	3.58	3.52
Perry Drug	PDS	23.38	21.13	22.63	1.50	7.10	23.38	15.25	.33	.89	6.55	-1.86	1.26	.10 S	8.8	12.0	2.1	18.2	.28	1.2	05-20-85	370.3	7.6	1.5	2.40	10.60
Revco Drug	RDS	25.63	24.50	25.13	.75	3.08	32.88	22.50	.22	.16	-.86	9.96	2.54	-.45 N	-18.6	13.0	4.2	12.8	.80	3.2	06-10-85	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	26.88	25.38	25.75	-1.00	-3.74	33.50	22.00	.14	.25	-6.25	27.36	1.69	.08 Q	5.3	9.0	4.8	16.1	.50	1.9	07-12-85	1445.7	69.9	1.9	2.02	8.58
Thrifty Cp	TFD	20.88	19.38	19.50	-.63	-3.11	22.88	17.00	-.27	-1.42	1.69	8.32	1.40	.24 N	18.2	15.0	2.1	12.5	.60	3.1	05-06-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	26.63	23.00	25.00	-.25	-.99	30.25	18.75	-.25	.56	2.81	-31.97	1.39	.20 N	15.0	20.0	3.1	16.3	.44	1.8	08-12-85	2744.6	85.4	1.7	.87	6.76
Wholesaler's transactions																										
Bergen Bruns	BBCA	31.38	28.75	28.75	-2.75	-8.73	32.38	20.13	.01	-.99	.21	52.40	1.57	.35 N	22.6	17.0	1.2	15.1	.32	1.1	07-26-85	1703.4	19.7	1.6	1.08	11.11
Bindley Wstn	BIND	11.75	9.25	10.38	-1.38	-11.70	15.00	9.25	-.88	2.45	9.61	-20.07	.73	.16 S	25.8	23.0	.8	13.3	.00	.0	05-01-85	566.7	4.7	1.4	.08	5.46
Cardinal Distrb	CDIC	18.25	17.25	17.25	-.75	-4.17	18.50	10.91	.18	-.55	-3.53	-76.92	1.01	.17 Q	18.9	NC	1.2	16.1	.08	.5	06-25-85	320.0	3.7	1.8	.92	5.91
Durr Fillauer	DUFM	13.75	12.88	12.88	-1.00	-7.21	15.25	9.81	-.37	-.72	-6.77	-28.11	.74	.13 S	19.1	15.0	1.7	15.9	.14	1.1	07-01-85	341.7	5.8	2.3	1.21	6.05
McKesson Cp	MCK	47.63	46.13	47.13	-.63	-1.31	50.00	35.88	.03	.20	-.48	4.19	3.60	-.07 Q	-1.9	-1.0	1.3	12.8	2.40	5.1	05-28-85	4887.1	65.0	1.5	12.99	30.40
Foxmeyer Cp	FXM	26.75	24.25	25.50	.75	3.03	29.75	21.00	.27	.06	-1.54	-1.81	1.56	.16 Q	11.3	25.0	1.3	16.2	.00	.0	00-00-00	717.1	9.0	2.8	17.31	16.51
Ketchum	KCH	19.38	18.25	18.63	-1.00	-5.10	23.88	13.22	-.59	-.41	-.51	2.31	.58	-.19 F	-24.7	NC	.2	32.1	.00	.0	09-24-84	273.7	.6	1.5	6.37	6.74
Owens & Minor	OBOD	23.00	21.00	21.00	-2.00	-8.70	24.25	12.00	-.23	-1.93	-1.92	-36.16	1.43	.29 S	21.6	15.0	1.2	12.9	.40	1.9	06-10-85	306.7	3.6	3.0	8.02	12.81
Manufacturer's transactions																										
Abbott Labs	ABT	57.00	53.50	55.38	.00	.00	60.00	36.75	-.15	.60	1.02	15.17	3.34	.49 S	15.8	17.0	13.0	15.4	1.40	2.5	07-09-85	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	62.13	59.00	60.25	-1.75	-2.82	66.88	46.75	-.19	.14	2.26	-28.85	4.39	.31 S	7.3	11.0	15.1	13.3	2.90	4.8	05-07-85	4485.5	675.6	3.4	.26	13.74
Baxter Travenol	BAX	14.88	14.00	14.00	-.75	-5.08	17.50	11.75	-.29	-.86	-3.10	-12.96	1.03	-.40 S	-28.6	5.0	8.1	14.0	.37	2.6	09-09-85	1800.4	145.1	1.6	1.46	7.83
Block Drugs Co	BLOCA	38.50	37.50	38.50	1.00	2.67	40.50	25.72	.17	.02	.65	-12.28	3.48	.36 Q	11.1	11.0	10.5	10.7	1.00	2.6	06-11-85	247.8	25.9	2.4	3.28	22.47
Bolar Pharm	BLR	21.00	17.75	17.75	-3.00	-14.46	22.63	11.25	-.39	-1.42	-.62	-14.40	.61	.06 Q	10.2	24.0	18.2	27.3	.03	.2	08-06-85	29.1	5.3	7.5	.00	3.70
Bristol-Myers	BMY	61.38	58.50	59.13	-2.50	-4.06	66.50	43.63	-.17	.21	1.93	-10.71	3.45	.41 S	12.7	14.0	11.3	16.2	1.88	3.2	06-28-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	46.00	33.00	34.75	-11.13	-24.25	46.63	22.00	-.49	.41	8.37	-20.95	2.66	.38 Q	15.3	20.0	5.9	12.1	.60	1.7	07-26-85	348.8	20.7	2.2	1.53	23.37
Forest Labs	FRX	28.25	24.50	26.63	-1.50	-5.33	32.50	12.13	-.61	1.94	-.10	-30.67	.73	.22 Q	39.3	14.0	16.3	34.1	.00	.0	01-14-83	25.8	4.2	8.3	.28	5.42
ICN Pharm	ICN	10.63	9.63	9.88	-1.38	-12.22	12.25	7.50	-.15	-.31	1.04	7.60	.00	-.09 S	-47.4	NC	1.6	98.8	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	12.75	10.50	11.38	-1.25	-9.90	17.13	8.00	.54	.84	-1.91	-22.69	.61	.06 Q	10.9	63.0	14.6	18.6	.20	1.8	06-10-85	151.1	22.1	3.4	2.52	1.60
Lilly Eli Co	LLY	85.88	81.00	83.25	-2.75	-3.20	90.38	54.88	-.10	-.18	6.51	20.83	6.73	.48 S	7.4	9.0	15.8	11.9	3.20	3.8	08-09-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	6.88	5.75	6.00	-.63	-9.43	9.63	2.13	.38	1.12	-2.10	-13.82	.13	.38 N	NE	NC	6.2	25.0	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	37.38	34.75	35.13	-1.63	-4.42	39.75	18.00	.01	-.26	1.60	-.64	.94	.32 F	51.6	34.0	12.2	37.4	.28	.8	06-14-85	295.7	36.2	2.4	.02	3.52
Merck & Co	MRK	113.38	111.13	112.25	-.50	-.44	117.25	79.75	.02	.21	-2.30	-10.72	6.71	.63 S	9.9	5.0	13.8	16.1	3.20	2.9	08-30-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	37.75	33.50	34.63	-1.13	-3.15	38.00	25.25	-.02	-.66	-1.28	-22.05	4.01	1.85 F	85.6	29.0	10.8	8.6	.64	1.8	05-24-85	1832.3	197.9	1.5	2.94	12.50
Mylan Labs	MYLN	22.00	18.50	18.75	-4.50	-19.35	26.00	10.38	-.88	-.57	3.80	8.93	.52	.28 Q	100.0	58.0	23.3	33.5	.05	.3	02-19-85	53.6	12.5	5.9	.09	1.22
Newport Pharm	NWPH	11.63	10.75	10.75	-1.00	-8.51	12.00	3.25	.23	-.78	-1.28	-9.28	.05	.26 F	NE	NC	5.7	NM	.80	7.4	05-23-85	10.5	.6	2.6	.22	.93
Pfizer Inc	PFE	49.88	47.25	49.13	-.50	-1.01	53.75	33.88	-.03	.79	-.72	-5.69	3.08	.39 S	13.5	15.0	13.2	15.0	1.48	3.0	07-26-85	3854.5	507.9	2.3	2.10	15.45
Reid Prov Labs	REID	5.88	4.88	5.00	-.88	-14.89	6.63	2.88	-.92	-.66	-4.01	40.45	.13	-.07 N	-35.0	32.0	6.7	38.5	.04	.8	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	12.38	10.25	11.00	.88	8.64	24.38	10.00	-2.13	.14	5.28	12.36	-18.44	-20.13 S	-100.0	NC	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	1.7	.47	-5.23
Rorer Group	ROR	36.00	33.25	33.63	-1.88	-5.28	37.38	24.00	-.06	-.66	-1.26	31.75	2.08	-.03 S	-1.4	5.0	8.5	16.2	1.12	3.3	08-05-85	522.1	44.3	1.9	2.18	11.07
Scherer RP Co	SCHC	13.25	12.50	12.75	.00	.00	13.25	8.63	.69	.00	-3.27	11.06	-.43	-.96 Q	-100.0	NC	-2.0	NE	.32	2.5	06-12-85	167.4	-3.4	1.9	4.83	11.14
Searle, GD	SRL	65.00	64.50	64.88	.50	.78	65.50	45.75	.82	.08	1.08	-26.78	3.24	.09 S	2.6	13.0	13.0	18.0	1.00	1.5	08-02-85	1245.8	161.6	2.1	3.46	17.37
Squibb Corp	SQB	72.00	68.00	68.25	-3.88	-5.37	72.88	45.00	.24	-.54	-4.49	-11.52	3.68	.39 S	11.2	18.0	10.5	17.7	1.76	2.6	05-13-85	1886.0	197.2	2.3	3.74	24.87
Sterling Drug	STY	31.63	30.00	30.25	-1.38	-4.35	34.25	24.88	-.01	-.11	-1.49	-7.74	2.37	.14 S	6.1	4.0	7.8	12.3	1.20	4.0	04-30-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	62.75	58.50	59.38	-2.63	-4.23	65.63	41.88	-.20	-.03	.79	-.18	4.08	-.27 N	-6.2	15.0	14.7	14.4	1.92	3.2	05-13-85	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	15.75	15.38	15.38	-.25	-1.60	24.00	13.25	-.12	-.32	-3.09	11.20	2.20	-.67 S	-30.7	22.0	10.8	10.2	.40	2.6	06-25-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	118.00	110.63	113.88	.75	.66	122.50	52.00	.05	.43	-4.04	-16.89	5.67	-.61 S	-10.1	.0	8.0	21.0	2.56	2.2	04-01-85	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	40.13	37.13	37.50	-2.13	-5.36	46.50	30.50	-.51	-.62	4.30	.21	2.81	.28 S	10.4	6.0	7.1	12.6	1.48	3.9	05-06-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZENI	26.25	24.25	25.50	-1.50	-5.56	29.50	5.25	.10	.84	.85	10.81	.28	.44 S	244.4	85.0	7.7	41.1	.00	.0	06-19-85	37.5	2.9	2.6	.27	1.99

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes: NA - Not Applicable; NC - Not Calculable; NE - Negative Earnings; NM - No Meaningful Figure; Q - First Quarter; S - First 6 Months; N - First 9 Months; F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

Rx/OTC news

PHARMACY

OTC buyers detail their dissatisfaction with

What buyers most want to know

(% of buyers who ranked this service as extremely/very important to them)

Service	% all respondents	% chains	% independents
Return policies	75	77	73
Invoice dating terms	75	80	70
New product information	70	70	70
Ad campaigns and promotions	60	77	43
Case allowances	55	64	47
Regional market share	55	67	43
Co-op advertising allowances	53	66	40
Consumer rebates	50	54	47
Display allowances	49	47	50
Product movement info	42	53	30
Consumption patterns	32	43	20
Cents-off coupons	31	40	23
Planogramming info	30	33	27
Display materials	29	17	40
National market share info	27	30	24

Source: Drug Stores New *OTC Buyer Survey*

Buyers of over-the-counter products for chain and independent drug stores are not satisfied with the services they are receiving from manufacturers' reps.

According to a special study commissioned by *Drug Store News*, the majority of OTC buyers say they are not satisfied with the caliber of most of the information given them during visits with manufacturers' reps.

Store detailing OTC's

In their survey responses, buyers indicated that they particularly cared about getting information in the following areas: on return policies; new products; invoice dating terms; case allowances; display allowances; and on upcoming manufacturer sponsored consumer advertising campaigns and promotions.

However in only one area, the receipt of product info, did a high percentage of buyers, 37% overall, indicate they were "very satisfied" with the type of information they were receiving in this area.

Generally only one-fifth of the sample described themselves as "very satisfied" with the information they were receiving, and in the important instance of obtaining information on return goods policies, nearly 9 out of 10 buyers claimed to be unsatisfied or just moderately satisfied.

Chains tended to be more satisfied than independents, but even with chains, there was more dissatisfaction than satisfaction. Only in three areas (the receipt of information on invoice dating terms, new products and consumer rebate programs) were at least half the chain respondents satisfied.

The rest of the time, two-thirds or more of the chain respondents registered high levels of dissatisfaction.

With the independents, the situation was much worse. Only one-fifth of the independent respondents were satisfied on a few key areas like

Custom relief
for every kind of minor mouth pain—
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The most complete line
Orajel is the only line that's formulated to give customized treatment for every kind of minor mouth pain.

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Continuous high impact consumer and professional advertising on national television and in print make the Orajel line turn over fast.

Orajel—the top selling line